

**Department of Commerce and Insurance
Follow-up Report**

October 2004

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John G. Morgan
Comptroller

October 21, 2004

The Honorable John S. Wilder
Speaker of the Senate
The Honorable Jimmy Naifeh
Speaker of the House of Representatives
The Honorable Thelma M. Harper, Chair
Senate Committee on Government Operations
The Honorable Mike Kernell, Chair
House Committee on Government Operations
and
Members of the General Assembly
State Capitol
Nashville, Tennessee 37243

Ladies and Gentlemen:

Transmitted herewith is the follow-up performance audit of the Department of Commerce and Insurance. This audit was conducted pursuant to the requirements of Section 429-111, *Tennessee Code Annotated*, the Tennessee Governmental Entity Review Law.

This report is intended to aid the Joint Government Operations Committee in its review to determine whether the department should be continued, restructured, or terminated.

Sincerely,

John G. Morgan
Comptroller of the Treasury

JGM/dlj
04-050

State of Tennessee

Audit Highlights

Comptroller of the Treasury

Division of State Audit

Performance Audit
Department of Commerce and Insurance
Follow-up Report
October 2004

AUDIT OBJECTIVES

The objectives of the audit were to determine the department's progress in correcting the problems identified in the March 2003 performance audit of the department and to make recommendations that might result in more efficient and effective operation of the department.

FINDINGS

Our follow-up review indicated that the department had taken some action to address all of the 16 findings in the March 2003 performance audit and that a majority of the problems identified in those findings have either been resolved or partially resolved. The findings summarized below detail five areas about which we still had major concerns or believed a substantial amount of work still remained to be done.

The Department Was Not Timely in Its Preparation for Implementation of the Tennessee Manufactured Home Installation Act, and Unless Changes Are Made, It Seems Unlikely That the Department Will Be Able to Ensure That All Requirements of the Act Are Met

Despite being aware of the requirements of the Tennessee Manufactured Home Installation Act since May 2002, the department appears to have delayed preparations for the implementation of the Act. Equipment for staff has not been set up, rules and regulations have not been formally approved, installation decals were delivered to the county clerks after the effective date of the Act, and the contract for the provision of the manufactured home installation examination did not begin until March 12, 2004, more than two months after the Act's effective date of January 1, 2004. In addition, because of deficiencies in the information system designed by the department to track installation permits and inspections, it seems unlikely that the department will be able to ensure

that all requirements of the Act are being fulfilled (page 6).

The Electrical Inspection Section Has Still Not Implemented a Process to Periodically Review the Competency of the Cities/Counties Granted Exemption from State Electrical Inspections

Pursuant to Section 68-102-143(b) (1), *Tennessee Code Annotated*, the State Fire Marshal may authorize municipalities to perform their own electrical inspections and, thereby, be exempt from state inspections. However, the 2003 audit found that the Electrical Inspection Section did not periodically review the competency of the cities and counties granted exemption from state electrical inspections, nor had the section clarified what local governments must do to be granted an exemption. Although policy guidelines and procedures have been developed, as of June 2004, the department did not have rules and regulations in place to ensure that exempt jurisdictions are performing their enforcement functions adequately or appropriately. Without oversight and periodic verification of the competency of exempt entities to perform their own electrical inspections, the

department cannot ensure that electrical codes are being enforced and that structures are safe for inhabitants (page 10).

Although Participation in the Tennessee Fire Incident Reporting System (TFIRS) Has Improved, the Majority of Fire Departments Still Do Not Report Fire Incident Data

TFIRS is used to collect data as part of a local, state, and federal coordinated effort to create a national database on fire incidents. The national database, the National Fire Incident Reporting System (NFIRS), facilitates the comparison of fire incidents among states. Information from computerized fire incident reporting systems is important in targeting fire prevention efforts, raising awareness, and helping identify training needs for firefighters in a particular location. The 2003 audit found that the majority of Tennessee's fire departments did not report data to the TFIRS. Although participation by fire departments in TFIRS has improved, the majority of fire departments within the state, including two of the ten largest cities/metropolitan areas in the state, still do not report fire incident data to TFIRS. As of March 2004, 41% (282 of 684) of the fire departments in Tennessee had reported 2003 fire incident data to TFIRS. This represents an increase from the 37% (254 of 684) that reported fire incident data to TFIRS in 2002 (page 13).

The Department's Fire Prevention Education Efforts Have Improved; However, Efforts Do Not Appear to Be Part of a Formal, Comprehensive, and Widely Applied Fire Safety Program

According to the National Fire Protection Association's *U.S. Fire Death Patterns by State* (2002), Tennessee ranked second in the nation for fire deaths. The report found that in most cases,

states with high fire death rates also had populations with characteristics associated with heightened fire risk, such as the proportion of adults who lack a high school education or are current smokers and the proportion of the population who are poor. The report also states, however, that well-designed, widely applied fire safety programs can work dramatically to lower fire death rates. The 2003 audit noted the lack of, and the need for, a formal, comprehensive fire prevention education program. While fire prevention education efforts by the department have improved since the last audit, efforts still appear to be informal in nature and do not appear to be part of a systematic, comprehensive, or widely applied fire safety program (page 16).

Implementation of Minimum Training Requirements and Improved Tracking of Training Would Help Ensure Bomb and Arson Special Agents Continue to Receive Needed Training

The Bomb and Arson Section does not have a policy regarding minimum training requirements for its special agents. It appears that the majority of special agents received at least 40 hours of training during calendar year 2003. (Although the Bomb and Arson Section does not have a policy regarding minimum training requirements for its special agents, section management believes it is good business practice to ensure that all special agents receive at least 40 hours of training on an annual basis.) However, the section does not have a comprehensive and up-to-date tracking system for training in place, making it difficult to determine the amount and nature of training received by special agents. Training is extremely important to ensure that all special agents are highly trained fire investigators who possess the requisite knowledge, skills, and expertise in the field of forensic fire science, reconstruction, and analysis to testify as expert witnesses in the area of fire origin and cause determination (page 20).

ISSUES FOR LEGISLATIVE CONSIDERATION

The General Assembly may wish to amend Section 68-102-111 or Title 68, Chapter 102, Part 3, *Tennessee Code Annotated*, to give the department increased authority to enforce the reporting requirements for fire departments by means other than derecognition or prosecution (page 14).

**Performance Audit
Department of Commerce and Insurance
Follow-up Report**

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Performance Audit Department of Commerce and Insurance Follow-up Report

INTRODUCTION

PURPOSE AND AUTHORITY FOR THE AUDIT

This follow-up performance audit of the Department of Commerce and Insurance was conducted pursuant to the Tennessee Government Entity Review Law, *Tennessee Code Annotated*, Title 4, Chapter 29. Under Section 4-29-226, the department is scheduled to terminate June 30, 2005. The Comptroller of the Treasury is authorized under Section 4-29-111 to conduct a limited program review of the department and to report to the Joint Government Operations Committee of the General Assembly. The performance audit is intended to aid the committee in determining whether the department should be continued, restructured, or terminated.

OBJECTIVES OF THE AUDIT

The objectives of the audit were

1. to determine the department's progress in correcting the problems identified in the March 2003 performance audit of the department, and
2. to recommend possible alternatives for legislative or administrative action that may result in more efficient and effective operation of the department.

SCOPE AND METHODOLOGY OF THE AUDIT

The scope of this audit was limited to following up on the findings in the March 2003 Sunset audit of the Department of Commerce and Insurance. We reviewed the department's progress (as of fieldwork for the current audit during December 2003 through March 2004) in addressing the problems identified in the 2003 audit. The audit was conducted in accordance with the standards applicable to performance audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. The methods used included

1. a review of applicable legislation and department rules, policies, and procedures;
2. examination of the department's records, reports, information summaries, and Internet homepage;

3. a review of the previous performance audit report on the department;
4. interviews with department personnel and local fire officials; and
5. analysis of information obtained from national organizations.

ORGANIZATION AND RESPONSIBILITIES

The State of Tennessee has regulated the insurance industry since at least 1873. The Department of Insurance and Banking was created in 1913. In 1971, the department split into the Department of Banking and the Department of Insurance, and in 1983 the Department of Insurance became the Department of Commerce and Insurance. The department's primary responsibilities are to enforce the insurance laws of the state; to supervise life, fire, casualty, and other insurance companies authorized to transact business in Tennessee; to initiate statewide fire prevention programs; to investigate the origin and circumstances of fires; to enforce the Consumer Protection Act; to receive, investigate, and resolve consumer complaints; to enforce state laws pertaining to securities dealers and salesmen; and to supervise occupational regulatory boards, commissions, and advisory committees.

As of April 15, 2004, the department had 721 staff (see pages 34-37 for breakdown by title, gender, and ethnicity). The department's estimated expenditures for the year ended June 30, 2004, totaled \$82,216,500—an estimated \$51,796,800 from state appropriations, \$645,900 from the federal government, and \$29,773,800 from other revenue sources.

The department is organized into eight major functional areas: administrative services, insurance regulation, regulation of securities, consumer affairs, TennCare oversight, regulation of trades and professions, emergency communications, and fire prevention and investigation. (See page 3 for an organization chart of the department.)

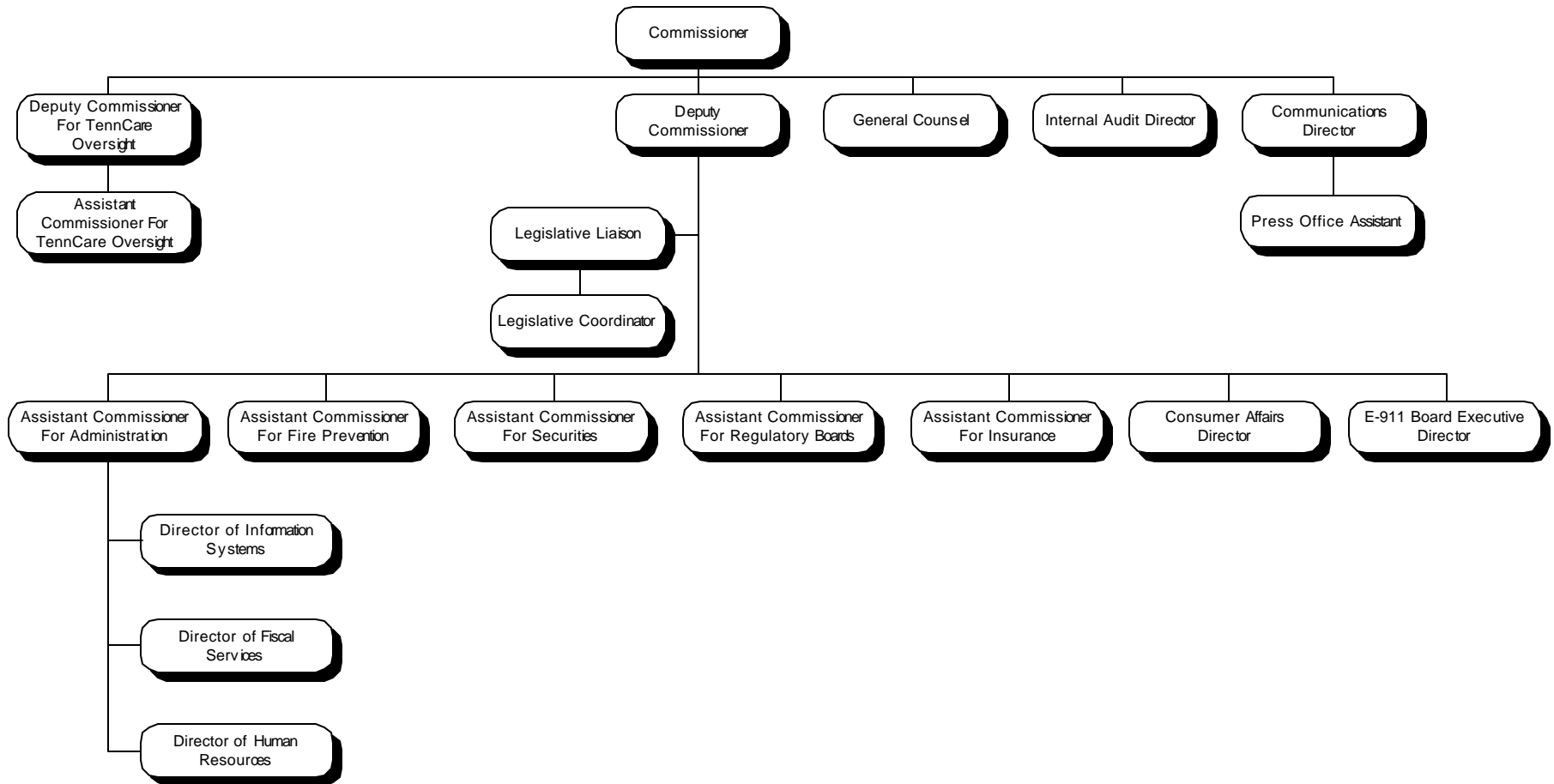
The Administrative Division's services include the office of the commissioner, fiscal services, management information services, personnel, legal services, and audit consulting and oversight.

The Division of Insurance is responsible for enforcing the state's insurance laws and supervising more than 1,600 insurance companies authorized to do business in Tennessee.

The Division of Securities is responsible for enforcing all state laws pertaining to securities dealers and sellers and protecting Tennessee's investors by maintaining the integrity of the securities market.

The Division of Consumer Affairs is responsible for enforcing the Tennessee Consumer Protection Act, which protects consumers and legitimate business enterprises from those who engage in unfair or deceptive trade practices. The division also promotes fair consumer practices and consumer education and regulates health clubs.

**Department of Commerce and Insurance
Organization Chart
April 2004**



The TennCare Oversight Division provides financial and operational oversight of the managed care organizations (MCOs) and behavioral health organizations (BHOs) participating in the TennCare Program. By overseeing, examining, and monitoring the MCOs and BHOs under contract with the state, the division determines compliance with statutory and contractual requirements relating to MCO/BHO financial responsibility, stability, and integrity, and the accurate and timely processing of claims.

The Division of Regulatory Boards provides licensing, regulation, and disciplinary action of professions and businesses. The following professions and businesses are overseen by the division: cosmetologists; funeral directors and embalmers; land surveyors; engineers; private investigators; polygraph examiners; real estate agents and brokers; accountants; auctioneers; alarm system contractors; interior designers; pharmacists and pharmacies; barbers; contractors; automotive manufacturers, dealers, and salespeople; collection services; burial services; home improvement; real estate appraisers; boxing and auto racing; private protective services; geologists; architects and landscape architects; and employee leasing.

The Emergency Communications Board promotes statewide wireless enhanced 911 service. The board is empowered to provide advisory technical assistance to emergency communications districts; establish technical operating standards for emergency communications districts; review and revise wireless 911 standards; and review and approve reimbursements for expenditures related to implementation, operations, maintenance, or improvements to statewide wireless enhanced 911 service.

The Division of Fire Prevention provides services to promote fire safety education and fire prevention. These efforts include inspection of institutional facilities and electrical installations, arson investigation, construction plans review, the Tennessee Fire Incident Reporting System, registration of electricians, fireworks and explosives user permitting, licensing and regulating sprinkler contractors, liquid petroleum gas distributors and fire extinguisher dealers, regulation of the mobile home industry, and the Tennessee Fire Service and Codes Enforcement Academy. The division is also responsible for enforcing building and safety codes for most new construction, schools, and other existing structures.

SUMMARY OF FOLLOW-UP FIELDWORK RESULTS

Our follow-up review indicated that the department had taken some action to address all of the 16 findings in the March 2003 performance audit and that a majority of the problems identified in those findings have either been resolved or partially resolved. However, several of the findings remained largely unresolved (or we identified some major weakness) during our audit fieldwork. The results of our follow-up work are presented in the major sections of this audit report. The Findings and Recommendations section details five areas about which we still had major concerns or believed a substantial amount of work still remained to be done. The Observations and Comments section includes four findings from 2003 that had been largely resolved but about which we still had suggestions for improvement. The Results of Additional Audit Work Performed section includes seven 2003 findings that had been resolved (or were scheduled to soon be resolved). Exhibit 1 summarizes the results of our follow-up fieldwork.

Exhibit 1
Overview of Status of March 2003 Audit Findings
As of March 2004

March 2003 Performance Audit Finding	2004 Follow-up Status			
	Not Resolved	Partially Resolved	Resolved	Page Number
Division of Insurance				
1. Financial analysis process policies and procedures are applied inconsistently.			X	26
2. The division does not adequately follow up to ensure that companies correct identified deficiencies.		X		22
3. The division did not always ensure that insurance companies met all requirements related to deposits held for the protection of policyholders.			X	27
4. The division should ensure that staff uniformly follow policies and procedures when conducting examinations of insurance companies or document their reasons for not following those procedures.			X	29
5. The division has not been consistent in applying and documenting its insurance admissions process.			X	28
Division of Fire Prevention				
6. Training and certification of Bomb and Arson special agents need improvement.	X			20
7. Bomb and Arson policies and procedures are incomplete.			X	29
8. Arson-related training for local fire and police departments needs improvement.		X		23
9. Bomb and Arson case files and conversations are not properly secured.			X	29
10. The majority of fire departments do not report fire incident data to the Tennessee Fire Incident Reporting System and the division has no authority to enforce such reporting.	X			13
11. The department needs to implement a formal, comprehensive fire-prevention education program.	X			16
12. The Electrical Inspection Section does not periodically review the competency of the 20 cities/counties granted exemption from state electrical inspections.	X			10
13. The Codes Enforcement Section is not performing the required audits of the local governments granted exemption for state building and fire codes.		X		24
14. Some Codes Enforcement and Deputy Electrical Inspectors' personnel files lack necessary documentation.		X		25
15. The majority of manufactured homes are being set up without the required anchoring permits and inspections.	X			6
TennCare Oversight Division				
16. The Division of TennCare Oversight needs to establish formal policies for conducting operations.			X	30

FINDINGS AND RECOMMENDATIONS

This section of the audit report includes updates on those audit findings from the March 2003 performance audit about which we still had major concerns or believed a substantial amount of work still remained to be done.

Division of Fire Prevention – Codes Enforcement Section

- 1. The department was not timely in its preparation for implementation of the Tennessee Manufactured Home Installation Act, and unless changes are made, it seems unlikely that the department will be able to ensure that all requirements of the act are met**

Finding

Despite being aware of the requirements of the Tennessee Manufactured Home Installation Act since May 2002, the department appears to have delayed preparations for the implementation of the Act. Equipment for staff has not been set up, rules and regulations have not been formally approved, installation decals were delivered to the county clerks after the effective date of the Act, and the contract for the provision of the manufactured home installation examination did not begin until March 12, 2004, more than two months after the Act's effective date of January 1, 2004. In addition, because of deficiencies in the information system designed by the department to track installation permits and inspections, it seems unlikely that the department will be able to ensure that all requirements of the Act are being fulfilled.

Manufactured homes that have not been properly anchored may pose a threat to the homes' occupants and/or persons living nearby. The 2003 performance audit found that the majority of manufactured houses were being set up without the required anchoring permits and inspections. Furthermore, a January 2004 internal audit on the department's manufactured housing tie-down inspection program concluded that, during 2002, the department had not adequately monitored anchoring permit inspections, and the Deputy Electrical Inspectors, responsible for performing anchoring inspections, had not fulfilled their contractual obligations.

The Tennessee Manufactured Home Installation Act (codified as Sections 68-126-401 through 412, *Tennessee Code Annotated*) charged the Department of Commerce and Insurance with ensuring, beginning January 1, 2004, that (1) installation permits are obtained before electricity is turned on in a manufactured home; (2) at least 5% of manufactured homes installed each year in the state are inspected, including at least one inspection performed each year on each installer; and (3) installers are licensed and certified by the department. The Codes Enforcement Section of the Division of Fire Prevention assumed the duties and responsibilities of inspecting manufactured home installations on January 1, 2004. The section received five additional staff—one manager, three inspectors, and an administrative assistant—for the implementation of the Tennessee Manufactured Home Installation Act.

To obtain a license as a manufactured home installer, applicants must complete a 15-hour course and pass an examination on manufactured home installation. Under the Tennessee Manufactured Home Installation Act, installers may purchase installation permit decals from any of the county clerks in the state. These decals should be placed on each new and used manufactured home installed after January 1, 2004. County clerks are required to remit to the department, on a monthly basis, the fees collected and a report of the permit numbers sold and the corresponding license numbers of the installers and retailers. Installers are required to submit to the department, on at least a weekly basis, a report describing the homes installed by the installer that week. These reports should include, at a minimum, the name and address of the retailer and the location of each home installed. Inspections, performed by the department, should occur within 20 business days after the receipt of the installer's report.

The department must notify installers, in writing, of any deficiencies noted in the stabilizing system during the inspection. If the violation does not create an imminent safety hazard, the installer must correct or outline the steps taken to correct the violation within 30 days of the date of the letter. If the violation does create an imminent safety hazard, the installer must reply within 24 hours and provide a plan of corrective action to correct the violation. Penalties may be assessed for failure to remedy noted violations.

Deficiencies in the Information System

For fiscal year 2003, the department requested and received \$50,000 for the development of a computer system and/or modifications to existing computer systems related to the implementation of the Tennessee Manufactured Home Installation Act. The department elected not to use this money and instead constructed an Access database to track installation permits and inspections. We were unable to determine who made this decision or why the decision was made not to use existing information systems, such as the Electrical Permitting System (EPS). The Access database, as it is constructed, does not allow the Codes Enforcement Section to determine when each installation permit decal is sold by the county clerk, when the county clerk's report is received by the department, when the installer performed the installation, or when the installer's report was received. Because of these limitations, the section will be unable to determine whether inspections are occurring within the required time frame, whether the county clerks or installers are sending in information in a timely manner, or how many installations are performed in a given time period. In addition, the section cannot ensure that at least one inspection is performed for each installer on an annual basis. By comparing electrical inspections on newly installed manufactured homes to manufactured home installation information received, the department could better ensure that manufactured homes are installed by licensed installers and reported to the department prior to the electricity being turned on. Thus far, however, the department has taken no steps to perform such a comparison.

Delays in Implementation Preparation

Although the Tennessee Manufactured Home Installation Act became effective January 1, 2004, the department was not prepared for implementation in several areas:

Rules and Regulations. Rules and regulations on the installation of manufactured homes have not been formally approved. Legal counsel for the department anticipated that rules would be in place by the end of May 2004. In addition, our review of the draft rules and regulations determined that the rules and regulations concerning deficiencies noted during an inspection and the resulting penalties and corrective action plans are less stringent than standards set by *Tennessee Code Annotated*.

Equipment for Staff. Although the department has hired staff, equipment to aid inspectors in performing inspections has yet to be set up. According to section staff, laptops for the inspectors have been ordered but have not yet been received. When the laptops are received, management intends to request accounts for each inspector to allow electronic communication between inspectors in the field and the department. Until the laptops are received, the inspectors are receiving and sending all installation information through the mail and have borrowed computers to enable them to type inspection reports. As of March 19, 2004, no inspection reports had been submitted to the department.

Installation Decals. Requests for quotes for the production of installation permit decals were sent in December 2003, and a state purchase order, ordering the installation decals, was authorized on December 19, 2003. The department received the decals on January 23, 2004, and sent them to the county clerks on January 26, 2004.

Examination Contract. The contract for the provision of examination development and administration services for candidates for licensure as Manufactured Home Retailers and Installers did not begin until March 12, 2004. The examination will be administered to each applicant for a fee of \$150. Because of the lack of a contract for testing services, the department administered the examination, free of charge, from July 2003 through March 2004.

Recommendation

The department should perform the necessary analyses to determine whether a potential revision of the Electrical Permitting System, creation of a new system, or modifications to the existing Access database best fulfill the department's needs in ensuring complete implementation of the Tennessee Manufactured Home Installation Act. In the interim, the department should modify its existing Access database to allow for information to be entered into the database regarding when each installation permit is sold by the county clerk, when the county clerks' reports are received, when each installation is performed, and when installers' reports are received.

The department should review the proposed rules and regulations on the installation of manufactured homes to ensure they are at least as stringent as the standards set forth in *Tennessee Code Annotated*.

In the future, the department should take steps to ensure that new programs are prepared for in a timely and thoughtful manner, thus increasing the likelihood of successful implementation.

Management's Comment

Delays in Implementation

We concur. The legislatively mandated start date of January 1, 2004, was not met because of several factors. The actual start date of the program was February 1, 2004. However, during this one-month delay, the contracted Deputy Electrical Inspectors continued to inspect tie-down systems for manufactured homes just as they had done for many years in the past.

Deficiencies in the Information System

We concur in part. Analysis of modifying EPS led to the conclusion that altering the functionality of the current system would probably be cost prohibitive. The use of an Access data based system seemed to be a more cost effective solution for the tracking of decals issued and sold. We have modified the Access system by installing several new fields that were suggested by both the external and internal auditor to better track and record inspections and installations. Since this is a new program, modifications will be made periodically to increase the effectiveness and efficiency of the system.

Delays in Implementation Preparation

Regarding delays in implementing rules and regulations, we concur. We acknowledge that there was an 18-month "window of opportunity" to prepare rules and hold hearings. However, the rules that went into effect on May 29, 2004, did not impede the effectiveness of the program as it was established by statute. Rules established the amount of civil penalties that could be imposed, other possible disciplinary actions, and the qualifying and continuing education requirements. Continuing education is not necessary until the renewal of licenses.

Regarding equipment for staff, we concur in part. The new employees for the section were provided with loaner laptops from the Information System's library of computers. These computers provided the employees with the same level of service as the computers that were purchased on the new statewide contract in April 2004. Additionally, each of our field inspectors has been provided a facsimile machine to assist in expediting communications of reports back to the Nashville office.

Regarding installation decals, we concur. When the department realized that the purchase order was to be for more than \$2,000, it required General Services to become involved in the procurement of the order. This required detailed specifications before the order was sent out for bid to several potential vendors. The decals were received on January 23, 2004, and sent to county clerks on January 26.

Regarding the examination contract for the licensure of installers, we concur in part. Several months before the January 1, 2004, start date of the program, the Division of Fire Prevention initially attempted to bid out a single contract for one testing agency to offer several of the division's examinations, including Liquefied Petroleum Gas Dealers, Fire Extinguisher Specialists, Blasters and Limited Blasters, and Manufactured Home Installers. However, during the initial review of the Request for Proposal (RFP), the Office of Contract Review (OCR) in the Department of Finance and Administration determined that each profession's examination should be submitted on separate RFPs. The timeframe involved in preparing four new RFPs delayed the review process, which in turn, pushed back the other aspects of the contracting process. The original RFP for the combined four examinations was presented to OCR on October 8, 2003. OCR returned it to the department on October 10, stating that each examination should be separate. The department resubmitted the four separate RFPs to OCR on November 4 for approval. The final version of the RFP was released on December 30, 2003, and the contract for the examination services began on March 11, 2004. There was only one bidder. Additionally, through an amendment to the original contract, the department was able to obtain a reduction in the fee for applicants from \$150 to \$70. Appropriate parties approved this amendment on August 13, 2004.

Division of Fire Prevention – Electrical Inspection Section

2. The Electrical Inspection Section has still not implemented a process to periodically review the competency of the cities/counties granted exemption from state electrical inspections

Finding

Pursuant to Section 68-102-143(b)(1), *Tennessee Code Annotated*, the State Fire Marshal may authorize municipalities to perform their own electrical inspections and, thereby, be exempt from state inspections. However, the 2003 audit found that the Electrical Inspection Section did not periodically review the competency of the cities and counties granted exemption from state electrical inspections, nor had the section clarified what local governments must do to be granted an exemption. As of June 2004, although policy guidelines and procedures have been developed, the department did not have rules and regulations in place to ensure that exempt jurisdictions are performing their enforcement functions adequately or appropriately. Without oversight and periodic verification of the competency of exempt entities to perform their own electrical inspections, the department cannot ensure that electrical codes are being enforced and that structures are safe for inhabitants.

After developing the policy guidelines and procedures, the department decided that the guidelines and procedures would be more appropriately promulgated through the rule-making hearing process. As a result, these proposed policy guidelines and procedures are in the process of being adapted for the rule-making process. Department legal staff indicated that they do not anticipate that the policy guidelines and procedures will be significantly altered in the process. A

rule-making hearing was anticipated by May 2004; however, as of late June 2004, no hearing had been scheduled.

In the proposed policy guidelines and procedures, local governments must, before being granted an exemption, outline what codes will be adopted and enforced and the number and type of inspections that will be conducted. In addition, the local government must detail the permit issuance and record-keeping process for all inspections and show that all persons employed by the entity applying to perform electrical inspections have successfully completed the 1 & 2 Family and Electrical General certifications. If, after consideration of the information submitted and an on-site review, the Electrical Inspection Section determines that the local government can adequately enforce electrical codes and conduct electrical inspections, the local government may be authorized to conduct such inspections.

The proposed policy guidelines and procedures also authorize the periodic evaluation of each exempted local government's authorization to conduct electrical inspections to determine whether the local government is adequately enforcing the adopted electrical codes "originally submitted" to the department and performing inspections properly. In the course of the periodic evaluation, the Electrical Inspection Section may also conduct an on-site visit for the purpose of reviewing electrical permit and inspection records and any other documentation evidencing compliance with the requirements for the initial authorization. If, after the conclusion of a review, the section finds that the local government was not adequately enforcing adopted electrical codes or properly performing inspections, this information will be communicated, in writing, to the local government along with the recommended corrective action. Corrective action should include ensuring compliance with all of the requirements for the initial authorization.

Concerns Regarding the Proposed Policy Guidelines and Procedures

We identified several concerns regarding the proposed policy guidelines and procedures:

- The policy does not establish minimum electrical codes or inspection standards that the local government must meet to ensure that the electrical standards are at least as stringent as those established by the state.
- The policy is unclear regarding when the periodic evaluations will begin, what the evaluation schedule will be, what will be included in the evaluations, how evaluations will be performed, and how often evaluations will be performed.
- The policy guidelines do not adequately address the consequences of not meeting appropriate standards or the remedial steps to be taken by the department.
- In addressing only the requirements for initial authorization that exempted entities had to meet, the evaluation process does not allow for electrical codes or inspection processes to stay current and reflect the latest and most appropriate updated standards. In addition, during the previous audit, the department could not produce documentation as to when exemptions were granted or what documentation was

provided in order to gain the exemption for many of the exempt entities. The lack of such documentation would make it extremely difficult for evaluations to determine whether these entities were meeting the standards approved in their initial authorizations.

Recommendation

The department should establish rules and regulations to ensure that exempt jurisdictions are performing their enforcement functions adequately and appropriately. These rules and regulations should establish minimum electrical codes and inspection standards that the local government must meet, to ensure that electrical standards are at least as stringent as those established by the state. Electrical codes and inspection standards should be updated, as appropriate, to reflect the latest and most appropriate standards. These rules and regulations should address the consequences of not meeting appropriate standards and the remedial steps to be taken by the department to ensure compliance with any recommended corrective action.

The department should institute regular periodic evaluations to review and verify the competency of exempt jurisdictions to perform their own electrical inspections and ensure that electrical codes are being enforced and that structures are safe for inhabitants. The department should clearly define when periodic evaluations will begin, what the evaluation schedule will be, what is included in the evaluations, how evaluations will be performed, and how often evaluations will be performed.

The department should clarify the procedure by which exemptions are granted and what requirements local governments must meet to be granted an exemption and be authorized to perform their own electrical inspections. The department should ensure that local governments applying for exemption demonstrate that they have the manpower, technical knowledge, and minimum electrical codes and inspection requirements to enforce electrical standards that are at least as stringent as those established by the state.

Management's Comment

We concur. Even though the Division of Fire Prevention is not statutorily mandated to periodically review the competency of exempt jurisdictions, we recognize the importance of this oversight function and have drafted rules to facilitate the review of these exempt jurisdictions. A public hearing has been set for October 18, 2004. The concerns expressed in the audit report concerning these draft rules have been taken into consideration. Once the rules are approved, it is expected that they will become effective several months later.

Division of Fire Prevention – Administrative Services

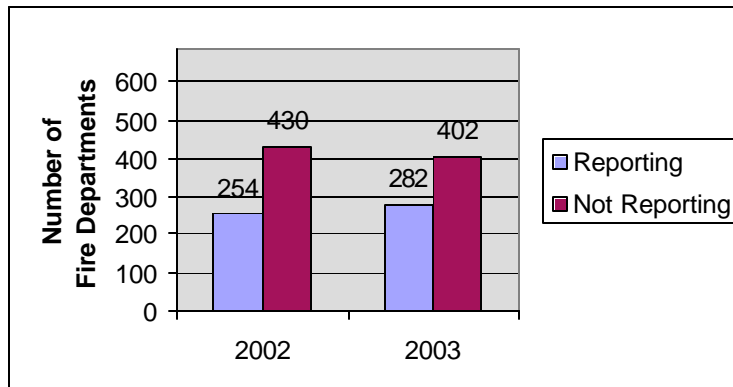
3. Although participation in the Tennessee Fire Incident Reporting System (TFIRS) has improved, the majority of fire departments still do not report fire incident data

Finding

The Tennessee Fire Incident Reporting System (TFIRS) is used to collect data as part of a local, state, and federal coordinated effort to create a national database on fire incidents. The national database, the National Fire Incident Reporting System (NFIRS), facilitates the comparison of fire incidents among states. Information from computerized fire incident reporting systems is important in targeting fire prevention efforts, raising awareness, and helping identify training needs for firefighters in a particular location. The 2003 audit found that the majority of Tennessee's fire departments did not report data to the TFIRS. Although participation by fire departments in TFIRS has improved, the majority of fire departments within the state, including two of the ten largest cities/metropolitan areas in the state, still do not report fire incident data to TFIRS.

As of March 2004, 41% (282 of 684) of the fire departments in Tennessee had reported 2003 fire incident data to TFIRS. This represents an increase from the 37% (254 of 684) that reported fire incident data to TFIRS in 2002.

Tennessee Fire Departments' Participation in TFIRS: 2002 - 2003



While 42 of the fire departments that reported 2002 fire incident data to TFIRS did not report for 2003, 70 new fire departments reported fire incident data to TFIRS for 2003. This represented a net increase of 28 additional fire departments reporting in 2003. However, two of the ten largest cities/metropolitan areas in Tennessee (Memphis and Jackson), which account for 12.5% of Tennessee's total population, did not report 2003 fire incident data to TFIRS.

Between March 2003 and January 2004, attempting to increase participation in TFIRS, the department:

- activated 80 online TFIRS accounts for fire departments (53 of which reported data in 2003);
- provided TFIRS reporting training to seven fire departments and offered two classes at the Tennessee Fire Service and Codes Enforcement Academy in Bedford County;
- mailed letters to all fire departments in the state with a request to begin reporting to TFIRS;
- urged participation in TFIRS in speeches by the Commissioner, the Assistant Commissioner of Fire Prevention, and the Deputy Commissioner; and
- sent a department staff member to two National Fire Information Council conferences.

On July 1, 2003, the Fire Department Recognition Act, Sections 68-102-301 through 307, *Tennessee Code Annotated*, became law and required fire departments within the state to obtain recognition from the department. The Act requires that each recognized department have a person designated to serve as an Assistant to the Commissioner. One of the duties of the Assistant is to “investigate the cause, origin, and circumstance of every fire occurring in any city or place by which property has been destroyed or damaged, and so far as it is possible, determine whether the fire was the result of carelessness or design” and report each fire “in the form prescribed by the Commissioner.” Department staff confirmed that the department had the authority, in *Tennessee Code Annotated*, to require fire departments to report to TFIRS. However, department staff voiced the concern that, although *Tennessee Code Annotated* requires fire departments to report fire incident data in a form prescribed by the Commissioner, the department lacks adequate enforcement authority to compel fire departments to do so. The only options open to the department are to “de-recognize” a fire department or refer the case to the local District Attorney for prosecution (violation of the Act is a Class C misdemeanor). Pursuant to Section 68-102-306, fire departments not officially recognized by Commerce and Insurance cannot receive or solicit funds from any source; this lack of funding could put the fire department out of business and potentially harm the affected citizens.

Recommendation

The department should continue efforts to increase TFIRS participation by fire departments, including providing technical assistance and educating them about the usefulness of fire incident data in fire prevention. The department should examine and pursue all available options to enforce the statutory reporting requirements for fire departments.

The General Assembly may wish to amend Section 68-102-111 or Title 68, Chapter 102, Part 3, *Tennessee Code Annotated*, to give the department increased authority to enforce the reporting requirements for fire departments by means other than derecognition or prosecution.

Management's Comment

We concur. As noted in the Performance Audit Follow-up Report, we are actively encouraging fire departments, by the strongest means possible, to participate in reporting to TFIRS, and will continue to do so.

One of the goals of the Fire Safe Tennessee 2004 Task Force is to increase TFIRS participation to improve the qualitative and quantitative analysis available on the fire death issue. We are trying to achieve this goal in various ways, such as:

- Sending out letters to all Fire Chiefs reminding them about the law, which mandates them to investigate the cause, origin, and circumstance of every fire where property has been destroyed or damaged. The letter also reminded them that they are to determine whether the fire was the result of carelessness or intent and to report each fire in the manner prescribed by the Commissioner, i.e., to TFIRS.
- Sending out letters to all Mayors and City Managers educating them about the law mandating TFIRS compliance and how this database is critical to our quantifying fire service needs and analyzing fire data.
- Targeting outreach to non-reporting departments by calling each department separately and urging them to report. We are targeting 10 counties each month and calling each late or non-reporting department in those counties to offer assistance in filing paper reports, obtaining and using the free software, and encouraging them to report.
- Attending various association meetings (Fire Chiefs Association, Firemen's Association, etc.) during the year to give training and information regarding TFIRS.
- Continuing to give training at the Tennessee Fire Service and Codes Enforcement Academy (TFACA).
- Proposing to include TFIRS training in all of the Firefighter 1 classes taught at TFACA.

As stated in the Audit Follow-up Report, the punitive options for fire departments that do not report to TFIRS are very limited and, in reality, it is impractical to force the closure of a fire department that does not report. Doing so could leave the community unprotected for fire and emergency services.

4. The department's fire prevention education efforts have improved; however, efforts do not appear to be part of a formal, comprehensive, and widely applied fire safety program

Finding

According to the National Fire Protection Association's *U.S. Fire Death Patterns by State* (2002), Tennessee ranked second in the nation for fire deaths. The report found that in most cases, states with high fire death rates also had populations with characteristics associated with heightened fire risk, such as the proportion of adults who lack a high school education or are current smokers and the proportion of the population who are poor. The report also states, however, that well-designed, widely applied fire safety programs can work dramatically to lower fire death rates. The 2003 audit noted the lack of, and the need for, a formal, comprehensive fire prevention education program. The department's education efforts were informal in nature and included activities such as occasionally providing fire prevention education in schools, referring requests for such education to local fire departments, and, if requested, providing brochures on fire prevention. While fire prevention education efforts by the department have improved since the last audit, efforts still appear to be informal in nature and do not appear to be part of a systematic, comprehensive, or widely applied fire safety program.

The department has filled the Public Fire Information Officer position, which was vacant during the last audit period, and is using the position to furnish, upon request, fire prevention materials such as videos, brochures, and coloring books and to coordinate any other requests. These educational materials are available to local fire departments, schools, child-care providers, and businesses around the state. From March 2003 to March 2004, materials were provided to 11 fire departments (1.6% of all fire departments in the state), two businesses, and nine child-care/school organizations. For that same time period, the Public Information Officer also participated in the coordination of five speeches on fire safety to various groups within the state.

During 2003, the department sent out letters detailing its fire prevention education activities to schools, daycare centers, civic groups, insurance companies, senior-care providers, and local fire departments. Also, between March 2003 and March 2004, the department sent out 19 news releases on various aspects of fire safety.

The department also sponsored a statewide fire prevention poster contest in 2003. The theme, chosen by the National Fire Protection Association (NFPA), was "When Fire Strikes: Get Out! Stay Out!" Seventy-two fire departments (10.5% of all fire departments in the state) participated in the poster contest, resulting in the submission of over 300 posters from students in grades K through 12. The winning students were honored at an awards banquet.

The "Risk Watch" program is a school-based injury prevention curriculum, developed by the NFPA with co-funding from the Lowe's Home Safety Council, for children in preschool through eighth grade. The curriculum addresses the eight risk areas that kill or injure the most children each year: motor vehicle crashes; fires and burns; choking, suffocation, and strangulation; poisonings; falls; unintentional firearms incidents; bike and pedestrian hazards; and water hazards. As of March 2004, 15 counties (16% of all Tennessee counties) have

implemented the “Risk Watch” program. In an effort to increase participation, the department’s Public Fire Information Officer encourages members of Tennessee fire departments to promote the introduction of the curriculum into the local school system. In 2003, the “Risk Watch” program targeted counties with high fire death rates, as identified by the Tennessee Fire Incident Reporting System (TFIRS), and provided 5,000 smoke detectors for each of these counties to give to residents.

The department formed the Fire Mortality Prevention Task Force in April 2003, to investigate the state’s dismal national ranking in fire deaths and to develop a plan of action to reduce the number of fire-related deaths. The 2003 task force had 22 members representing the firefighting profession, the manufactured housing industry, legislators, the insurance industry, the Department of Education, and the Department of Commerce and Insurance. Task force efforts focused on education and smoke detector installation, combining the approaches of fire prevention, fire suppression, and fire detection.

2003 Fire Mortality Prevention Task Force Membership

Interest Represented	Number of Members	Percent of Total Membership
Firefighting Profession	3	14%
Manufactured Housing Industry	3	14%
Legislators	2	9%
Insurance Industry	2	9%
Department of Education	1	4%
Department of Commerce and Insurance	11	50%
Total	22	100%

As of June 2004, the 2004 task force had not yet met, but the vast majority of members had been appointed. The 2004 task force will consist of 19 members representing the following: the General Assembly (3 members), state agencies (3 members), the insurance industry (3 members), fire-related professions (5 members), and one member each representing manufactured housing, architects, the Pediatric Association, realtors, and building officials.

October 2003 was designated Fire Safety Month by Governor Bredesen. Both the Commissioner and the Assistant Commissioner for Fire Prevention attended events in Memphis, Chattanooga, Nashville, and Knoxville to promote fire safety education. During the month, commercials were aired featuring Tennessee Titan and volunteer firefighter Erron Kinney promoting the importance of smoke-detector installation and maintenance. In addition, public-private partnerships were formed to promote the use and installation of smoke detectors. Two manufacturers of smoke detectors donated 2,000 smoke detectors to Commerce and Insurance, and one of the companies made an additional 24,000 available for purchase at cost. The 2,000 donated smoke detectors were distributed to 19 fire departments (2.8% of all fire departments) across the state. The fire departments, which were chosen because of the high rate of fire deaths in their counties, included the following:

Blountville
Camden
Clarksville
Cleveland
Dayton
Dyersburg
Fayetteville

Gallatin
Greeneville
Huntsville
Jonesborough
Lebanon
McMinnville
Murfreesboro

Paris
Selmer
Shelbyville
Sparta
Trenton

As of June 23, 2004, 8,618 of the 24,000 smoke detectors available for purchase at cost had been purchased and distributed to 136 fire departments.

Recommendation

The department should develop a formal, comprehensive, and widely applied fire safety program to educate the citizens of Tennessee on fire prevention and reduce the number of fire-related deaths. Information from TFIRS should be used as a guide to focus fire prevention efforts and programs. The department should identify and target those portions of the population with heightened fire risk. Additionally, the department should work to increase local involvement (by civic groups as well as local governments) in its fire prevention efforts.

Management's Comment

We concur. As stated in the follow-up report, we have filled the Public Fire Information Officer position. Because of budget limitations, this is the only employee to implement a statewide fire safety program. Even though the Division of Fire Prevention is not statutorily mandated to provide a statewide fire safety program, the department has made one of its main goals, through the Fire Safe Tennessee 2004 Task Force, the implementation of fire education and suppression programs. These programs are targeted at the populations prone to fire deaths according to the last NFPA study (i.e., elderly, children under 5, and African Americans). Some of the strategies that the task force is implementing to meet the goal of educating Tennesseans in practicing fire safe behaviors are:

- Continuing to work with local companies on detector, battery, and educational programs.
- Requesting a resolution from the Governor for Fire Safety month.
- Creating a resource webpage on the State Fire Marshal Office (SFMO) website so that fire departments and various organizations will be able to see what educational tools are available to them through the SFMO; providing a list of organizations/businesses that may be willing to assist them in their educational efforts; and developing a "how to" packet for departments on education, community involvements, etc.

- Continuing, through attendance at various association meetings (Fire Chiefs Association, Tennessee Fire and Life Safety Association, etc.) the department's efforts to educate fire departments on the importance of fire safety education.
- Proposing to include fire safety education training in all of the Firefighter 1 classes taught at TFACA.
- Proposing that the Commission on Firefighting Personnel Standards and Education provide bonuses for fire safety education.
- Encouraging additional fire departments to participate in the annual statewide poster contest.
- Establishing partnerships with other state agencies, local governments and community groups to provide fire safety education (i.e., child care centers, schools, senior centers, Boy Scouts, YMCA, Department of Human Services, etc.).
- Providing fire safety education through the media (i.e., PSAs at Titans and UT games, free media events, website updates, etc.).
- Performing our own demographic study of the fire deaths reported in 2003 to ascertain who, when, where, why, etc., these fires occurred and how to best address the problem.
- Developing a plan to document, track, and review our training efforts and the results of these efforts.
- Applying for a Department of Homeland Security Fire Prevention and Safety Grant. If the grant is awarded, this will allow us to train a statewide network of volunteer fire safety educators using retired teachers, fire chiefs, and firefighters.

Division of Fire Prevention – Bomb and Arson Section

5. Implementation of minimum training requirements and improved tracking of training would help ensure Bomb and Arson special agents continue to receive needed training

Finding

The Bomb and Arson Section does not have a policy regarding minimum training requirements for its special agents. Furthermore, the section does not have a comprehensive and up-to-date tracking system for training in place, making it difficult to determine the amount and nature of training received by special agents. Training is extremely important to ensure that all special agents are highly trained fire investigators who possess the requisite knowledge, skills, and expertise in the field of forensic fire science, reconstruction, and analysis to testify as expert witnesses in the area of fire origin and cause determination.

The 2003 audit identified the need for improvement in the training and certification of Bomb and Arson special agents. In particular, the audit identified two basic weaknesses in training provided to special agents: (1) the lack of regular annual training related to Peace Officer Standards and Training (POST), and (2) the lack of supervisory related training. Further, there were no incentives for special agents to become Certified Fire Investigators (CFI), such as the payment of examination fees or an increase in salary as a result of certification.

It appears that the majority of special agents received at least 40 hours of training during calendar year 2003. (Although the Bomb and Arson Section does not have a policy regarding minimum training requirements for its special agents, section management believes it is good business practice to ensure that all special agents receive at least 40 hours of training on an annual basis.) It did not appear that any of the training received was supervisory related. It was difficult to determine the amount and nature of training received by special agents as there was no comprehensive and up-to-date list of training. We were provided with three different lists of training received by Bomb and Arson special agents during calendar year 2003. The comparison of these different lists revealed numerous discrepancies, and we were unable to confirm, through independent verification, any of the training listed on any of the three lists.

A number of Bomb and Arson special agents (8 of 24) have been designated Certified Fire Investigators through programs such as the International Association of Arson Investigators or the National Association of Fire Investigators. According to section management, many of the other agents possess the prerequisites for certification through these organizations but have elected not to seek certification due to monetary considerations related to the cost of obtaining the certification and the lack of financial incentives to do so. The Bomb and Arson Section proposed a state Certified Fire Investigator Program, which began in May 2004. This program is designed to develop highly trained fire investigators who will possess the requisite knowledge, skills, and expertise in the field of forensic fire science, reconstruction, and analysis to testify as expert witnesses in the area of fire origin and cause determination. Bomb and Arson special agents will be certified following an extremely intensive two-year course of instruction that will use the Tennessee Fire Service and Codes Enforcement Academy in Bedford County, the University of Memphis, and mentored on-the-job training. Upon receiving certification, special

agents will be required to attend a one-week recertification course (40 hours) at the academy every two years as well as perform other on-the-job duties. Section management has proposed a monetary award for staff who successfully complete the certification program.

Recommendation

The Bomb and Arson Section should develop and maintain a comprehensive and up-to-date training database that would allow management to determine the amount and nature of training special agents received. Section management should develop a formal policy regarding minimum training requirements and ensure that special agents meet those requirements. To enhance leadership skills, supervisory training should be made available and required for all special agents serving in a supervisory capacity. Also, management should continue to develop the Certified Fire Investigator Program and make efforts to ensure that all special agents achieve and maintain certification.

Management's Comment

We concur. At the time of the audit the Bomb and Arson Section had begun a process of implementing and developing a training program that would be meaningful and cost effective. The program is still under development.

We, as an agency, are not required to meet POST standards for training. However, within our training, we have sought POST review and certification for all the programs that we will present to our agents. In April 2004, all special agents in Bomb and Arson, save one, received a 40-hour course as part of the initial certified fire program developed specifically for the Bomb and Arson Section. This course was POST- and Fire Commission-certified.

The Bomb and Arson Section maintained a database using the AIMS system that listed training provided by course title, but did not include content or course hours. To rectify the situation, all agents were directed to bring in certificates of completion of all the courses that they had taken and, where available, the content of each course. This has been completed and now there is a training file for each agent and employee in the section. The file contains a cover sheet with all courses listed by date and supporting documentation.

All supervisors attended a law enforcement-based management program in Knoxville. Additionally, the Director of Bomb and Arson, who had presented courses as a federal agent on Critical Incident Management, conducted the same training for the first line supervisors. Supervisors, based on strengths and weaknesses, will be enrolled in courses as they occur. Because of several new initiatives and safety requirements for on-scene supervision, our supervisors will be required to attend certain job-specific technical training. This training is a priority.

We have developed the Bomb and Arson Certified Fire Investigator Program to overcome the expense of going outside the state for training. Development of the program was a

major undertaking with minimum personnel resources available to commit to the process. The program is underway and with the first of courses given at TFACA completed and with the next phase of courses in cooperation with the University of Memphis, we can continue a smooth evolution for future agents. Our next program is to develop a valid explosives training program to ensure that our agents are better prepared to deal with the inherent dangers involved. It should be noted that when the courses developed in fire and explosives investigation are conducted at TFACA and space permits, they will be offered to other fire and police personnel.

We are in the process of developing a Special Agent job-training handbook. This will track an agent's progress from the time they first join Bomb and Arson up to the end of their career. It will include annual continuous training requirements and will be maintained in the agent's training portfolio.

At this time there are no tangible incentives to complete the arduous requirements for certification as fire investigator. It will be proposed as a budget enhancement that upon completion, an agent be given a one-step salary increase.

Regular law enforcement training in accordance with the section's policies and procedures manual, will be undertaken as required and documented in the agent's training portfolio.

OBSERVATIONS AND COMMENTS

This section of the audit report includes updates on the audit findings from the March 2003 performance audit that have been largely resolved but about which we still have suggestions for improvement.

Insurance Division

Follow-up now conducted on deficiencies noted during insurance company examinations

The 2003 performance audit found that the Insurance Division's examination process was weakened by the lack of timely on-site follow-up reviews to ensure that appropriate corrective actions had been taken and that identified deficiencies had been remedied. The 1992 performance audit of the Insurance Division also raised concerns regarding the division's examination follow-up system. Effective July 1, 2003, all examinations completed and signed are subject to a post-examination on-site review of the serious deficiencies noted in the official Order signed by the Commissioner of the Department of Commerce and Insurance. Examiners-in-charge are required to report, on a monthly basis, on the status of all examinations until the post-examination on-site review is complete and the written follow-up report has been submitted.

Our review of examinations completed in 2003 indicated that, following the effective date of the policy, all had monthly status reports. Post-examination on-site reviews documenting compliance, or lack thereof, in remedying identified deficiencies had been performed. In instances of non-compliance, progress made by the company on remedying the deficiency was noted. The division also appears to be committed to pursuing sanctions against companies that fail to take appropriate corrective actions. As of June 2004, however, no sanctions had been imposed. Section 56-1-411(e), *Tennessee Code Annotated*, limits the division to the imposition of “a fine of not more than five thousand dollars (\$5,000).”

We identified one area needing clarification. Although examiners performed reviews on problems noted in the examination reports of Health Maintenance Organizations and County Mutuals, division policy regarding the post-examination reviews of these entities is unclear. According to division staff, both Health Maintenance Organizations and County Mutuals are exempt from the issuance of an official Order by the Commissioner. Division policy currently requires examiners to perform follow-up reviews only on serious deficiencies noted in the official Order signed by the Commissioner. In the absence of an official Order, it is unclear whether post-examination reviews are required.

The Insurance Division should continue to perform post-examination on-site reviews to determine actions taken and progress made by insurance companies to remedy and correct identified deficiencies. The division should ensure coordination between division staff and department legal staff and actively pursue sanctions against companies that fail to remedy identified deficiencies or take corrective action. To encourage the correction of identified deficiencies, the division may wish to request authority from the General Assembly to impose harsher fines and sanctions against offending companies. The division should also determine its policy with regard to post-examination on-site review of entities not subject to official Orders.

Division of Fire Prevention – Bomb and Arson Section

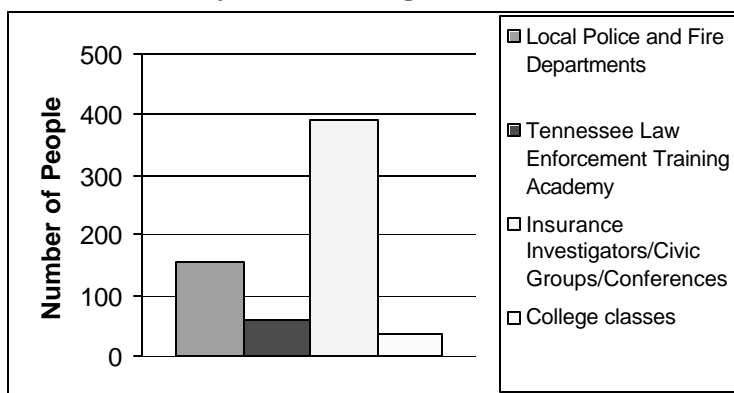
Availability of arson-related training for local authorities has improved

The 2003 audit found that arson-related training for local fire and police departments needed improvement. While the availability of arson-related training for local authorities has improved since the last audit, it appears that the department needs to increase its efforts to ensure that local authorities are aware of the training opportunities available.

Training for local authorities was primarily available, during the previous audit, from Bomb and Arson special agents. The establishment of the Tennessee Fire Service and Codes Enforcement Academy in Bedford County has created additional avenues for local authorities to obtain arson-related training. In addition, the department has created an advisory committee to make recommendations for curriculum and facility enhancement at the academy, to help the state better meet expanded homeland security and emergency management requirements.

The Bomb and Arson Section does not formally track training provided by special agents, making it difficult to determine how much training agents have provided. However, it appears that, from February 2003 to December 2003, Bomb and Arson special agents provided training to over 640 people, representing local police and fire departments, the Tennessee Law Enforcement Training Academy, insurance investigators, civic groups, college classes, and regional conferences.

**Training Provided by Bomb and Arson Agents
February 2003 Through December 2003**



We interviewed staff at local fire departments and representatives of the Tennessee Fire Chiefs Association. The individuals interviewed indicated that the Bomb and Arson Section was an asset to the fire investigative communities of Tennessee. However, those interviewed believed there was a need for more arson-related training (in particular, regional and hands-on training), and none were aware of the availability of such training.

The department should proactively market the courses available through the Tennessee Fire Service and Codes Enforcement Academy, and ensure that local police and fire departments, as well as any other related parties, are aware of the availability of, and opportunities for, arson-related training. In addition, the department should promote the use of the proposed advisory board and incorporate its recommendations when possible.

Division of Fire Prevention – Codes Enforcement and Electrical Inspections Sections

Audits of local governments granted exemption from state building and fire codes are scheduled to begin this year

Section 68-120-101(b)(3)(A), *Tennessee Code Annotated*, requires that the records and transactions of local governments granted exemption from state building and fire code inspections be audited at least once every three years to ensure they are adequately performing their enforcement duties. The 2003 audit found that the Codes Enforcement Section was not performing the required audits. Since that time, the department has proposed rules necessary to

implement these audits, and the rules are scheduled to go into effect during the summer of 2004. Codes Enforcement Section management anticipate that the audits will begin at the end of summer 2004.

The proposed rules provide for a desk audit of the exempt jurisdictions' codes enforcement process as well as an on-site audit of the process. As part of the process of determining the effectiveness of the exempt jurisdiction's plans review inspection program, the audit team may select for review a recently completed building, a building currently under construction, or both. Following the audit of an exempt jurisdiction, a report will be issued giving the jurisdiction an overall performance rating of adequate enforcement, marginal enforcement, or inadequate enforcement. The report will summarize the codes enforcement process in use, briefly describe the legal process in place to ensure the enforcement of building and fire codes for approved construction projects and unauthorized construction projects, and detail positive performance areas and any inadequate areas of performance. If inadequate areas of performance are identified, the report may include a request that a plan of corrective action addressing the identified areas be submitted to the State Fire Marshal.

As a result of a finding of inadequacy during the audit process, the State Fire Marshal may require the exempt jurisdiction to immediately cease performance in those areas in which a grade of inadequate enforcement was noted. The jurisdiction may resume independent codes enforcement activity once a follow-up audit report score of adequate enforcement has been received.

The Codes Enforcement Section should implement the auditing procedures detailed in the proposed rules, commencing audits as soon as possible and ensuring that all exempt jurisdictions are audited at least once every three years.

Documentation in personnel files has improved, but evidence of annual evaluations for codes enforcement staff and deputy electrical inspectors is still lacking

In its response to the 2003 audit finding that some Codes Enforcement and Deputy Electrical Inspectors' personnel files lacked necessary documentation, the Division of Fire Prevention indicated that (1) all personnel files would be audited to ensure the presence of a state job application; (2) Deputy Electrical Inspectors would be evaluated on an annual basis and would be certified in both 1&2 Family Dwelling and Electrical General; and (3) all Codes Enforcement staff would be evaluated annually. However, a review of Codes Enforcement staff's and Deputy Electrical Inspectors' personnel files indicated that, although there was documentation showing those persons met the minimum qualifications to perform their jobs, evaluations have not been performed on an annual basis.

Our review of ten Codes Enforcement personnel files determined that, of nine applicable employees (one employee was hired in 2003), only one had a 2003 evaluation. The remaining eight employees were not evaluated in 2003. Based on documentation in their respective files, all met minimum job qualifications. The review of ten Deputy Electrical Inspectors' files found documentation of 1&2 Family Dwelling and Electrical General certification for all applicable

inspectors. One of the ten Deputy Electrical Inspectors selected for the file review was no longer under contract with the department. Although this inspector's contract had terminated on September 1, 2003, the Electrical Inspections Section did not change his status to "Inactive" until March 9, 2004. In this case no negative consequences resulted; however, failure to promptly inactivate a terminated inspector could potentially allow the inspector to receive payments from the department after the contract termination date. Only two (29%) of the seven inspectors under contract throughout 2003 had received an annual evaluation in 2003. (Two other inspectors were newly hired.)

Division of Fire Prevention management should take steps to ensure that all personnel, both Codes Enforcement staff and Deputy Electrical Inspectors, are evaluated on at least an annual basis. Further, when Deputy Electrical Inspectors are no longer under contract with the department, management should ensure that their status is changed accordingly in the computer system, so that they are no longer able to receive payments for inspections.

RESULTS OF ADDITIONAL AUDIT WORK PERFORMED

This section of the audit report contains updates on audit findings from the March 2003 performance audit that have been substantially resolved or are in the process of being resolved.

Insurance Division

Consistency of application of financial analysis policies and procedures improved

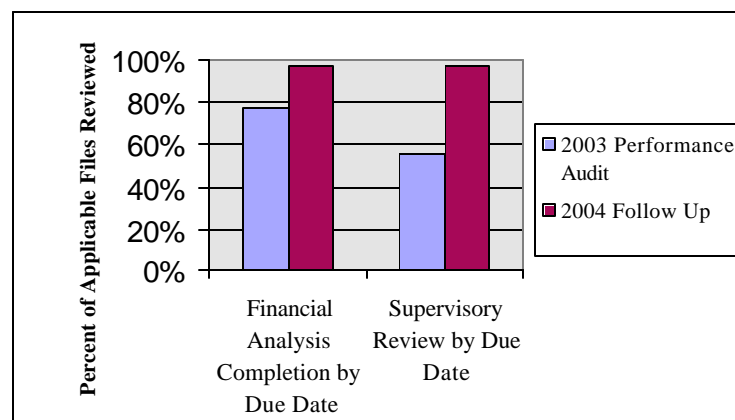
The 2003 audit found, based on a review of insurance analytical files, that formal and informal policies and procedures in place were not applied consistently in all cases. The audit recommended that the Insurance Division take action to ensure all financial analysts and supervisors were aware of all policies and procedures related to the financial analysis process and that the division hold staff accountable for applying, on a uniform and consistent basis, those policies and procedures. Our follow-up work during the current audit indicated that steps taken by the Insurance Division to ensure the consistent application of policies and procedures have been successful.

The division maintained analytical files appropriately, with information well-organized for easy retrieval. Since the last audit's fieldwork was conducted, the division has increased the number of financial analysts it employs from six to ten. The addition of four more financial analysts has resulted in a more streamlined supervisory process with two analysts being responsible solely for performing supervisory reviews. One analyst was, however, assigned more companies in the financial analysis process than is suggested by the National Association of Insurance Commissioners' (NAIC) guidelines.

NAIC guidelines specify that “at least one level of supervisory review should be performed on each company analysis.” The Lead Audit Sheets for the annual and quarterly reviews, the Point Sheets, the CPA Audited Financial Statement Reviews, and the Holding Company Reviews have been revised to clearly indicate the required supervisory review. In addition, the Lead Audit Sheets for both the annual and quarterly reviews for property and casualty insurance companies have been revised to include a review of net income/loss for the current year, as well as the past two years.

NAIC guidelines regarding appropriate supervisory review state that supervisory reviews “should be timely, usually within two to three weeks of the completion of the original analysis”. Although a review of ten insurance companies’ analytical files indicated that only 69.2% of the supervisory reviews were performed within two to three weeks of the financial analysis, the Insurance Division has improved the timeliness of financial analyses and supervisory reviews performed and has consistently met deadlines established by internal policy in conjunction with guidelines established by the National Association of Insurance Commissioners.

Timeliness of Work



Improvements in process to ensure that insurance companies meet requirements related to deposits held for the protection of policyholders

Both foreign and domestic insurers are required by Sections 56-2-103 and 56-2-104, *Tennessee Code Annotated*, to maintain with the department the appropriate deposit, as determined by the lines of business written within the state. (Foreign insurers are those companies with corporate headquarters in states other than Tennessee; domestic insurers are those based in Tennessee.) These deposits are to be held for the protection of all policyholders and creditors in the United States. Securities considered acceptable for deposit include bonds of the United States, bonds of the State of Tennessee or the state of domicile, and bonds rated within the top three grades by a recognized securities rating firm. Depository agreements between the Department of Commerce and Insurance and each company specify the amount to be maintained on deposit. Insurance Division policy suggests, but does not require, that securities held on deposit have a minimum maturity date of two years.

During the 2003 audit, the Insurance Division did not have a formal process to ensure that insurance companies met (and continued to meet) state and departmental requirements, as well as the requirements of their individual depository agreements, related to deposits held for the protection of policyholders. Further, a file review indicated that the department did not always ensure that companies met all requirements. Since that audit, the division has made several improvements related to depository requirements. The Insurance Division installed a copy of the Moody's Rating Program on Insurance staff's computers, to provide access to and obtain ratings for securities received for deposit. On August 19, 2003, division management issued a memo requiring that staff use Moody's to "determine that new securities pledged to the Department have an acceptable rating prior to acceptance of a new safekeeping receipt." The division also added a step to the Annual Statement Audit Sheet to ensure that insurance companies continue to meet depository requirements. The step instructs the analyst to verify the rating of each security and establish that the company is maintaining a deposit equal to the amount required by *Tennessee Code Annotated*.

Our file review of ten insurance companies, for the period September 2003 to December 2003, indicated that 11 (34.4%) of the 32 securities held for deposit did not have ratings obtained and were not United States Treasury Bonds, bonds of the State of Tennessee, or bonds of the state of domicile (i.e., securities that are automatically considered acceptable by statute). However, for new securities pledged to the department during that period, staff did check to ensure the securities had an acceptable rating, as required by the August 2003 memo. Each file we reviewed contained a depository agreement signed by both the Insurance Division and the insurance company. Deposit levels were maintained, at all times for the period reviewed, at the level specified by each company's depository agreement. Although depository agreements may specify a depository level that is greater than the statutorily required minimum, there was no documentation or explanation as to the reasons why a greater level was specified in the depository agreement. However, for companies newly admitted to the state, the division provided us examples of a deposit requirements checksheet documenting both the deposit amount required and the reason for that level of deposit.

Insurance admissions process documentation improved

The 2003 audit concluded that the Insurance Division was not consistent in the application or documentation of its insurance admissions process. The division was not consistent with the information that it gathered, nor was there an explanation as to why some seemingly relevant information was not obtained. Specific details regarding the admission of insurance companies were not consistently documented. In March 2003, the Insurance Division began treating the insurance admissions process in three phases: document gathering, financial analysis, and the committee review. A standardized admission application process guide, which includes a standardized admission application checklist, has been developed, and decisions rendered regarding the admissions process are documented on the Review Committee Form, recording notes on the discussion of each application as well as recording each committee member's reason for recommendations.

We determined, through a review of insurance companies that applied for admission to the state in 2003, that the process outlined in the admissions guide appears to be followed. Of nine applicable files reviewed, only one was missing a required item without an exception or explanation noted as to why the item was not acquired and/or maintained.

Documentation of insurance company examinations improved

During the previous audit, we found that Insurance Division staff did not uniformly follow policies and procedures suggested by the *NAIC Financial Condition Examiners Handbook* when conducting examinations of insurance companies and did not document their reasons for not following those policies and procedures. A review of examination working papers indicated that methods used in examination, documentation of items and procedure steps, and depth of the examinations appeared to vary depending on the examiner-in-charge. Effective April 24, 2003, division management notified (by memorandum) all examiners that they must document reasons why specific policies and/or procedures were not followed in each examination. Further, examiners-in-charge are responsible for reviewing this documentation to ensure that it is included in the examination working papers.

Overall, the division has improved both the organization and documentation in examination working papers. All required items and/or procedure steps were documented in the examination working papers we reviewed. In only one instance did an examination report not address all matters specified by the *NAIC Financial Condition Examiners Handbook*.

Division of Fire Prevention – Bomb and Arson Section

Policies and procedures updated

A comparison of the Bomb and Arson Section's policies and procedures to those of the Tennessee Bureau of Investigation (TBI) during the 2003 performance audit indicated that the section lacked policies and procedures addressing several investigative and non-investigative areas. The audit recommended that Bomb and Arson policies and procedures be updated so that special agents are properly guided in their investigations and can adequately resolve jurisdictional disputes among local investigative agencies. As of the current audit, a policies and procedures manual has been developed, and our review of the manual and related documentation indicated that the section had addressed the investigative and non-investigative areas that were noted, in the previous audit, as lacking. The one exception was the section's failure to develop a policy regarding minimum training for Bomb and Arson special agents (see page 20).

Physical security improvements being implemented

During the 2003 audit, paper files containing information concerning Bomb and Arson cases were not secured at either the central or field offices. Information in the paper files was

not only unprotected from intentional and unintentional damage or destruction, but also difficult to retrieve. In addition, sensitive conversations regarding ongoing cases were not always conducted in enclosed rooms. Since that time, a hard-walled area with floor-to-ceiling walls—including a locking door, a designated area for case files in locking filing cabinets, and a secure area for conversations regarding cases—has been constructed in the central office.

As of July 2004, however, the construction of secure hard-walled areas had not been completed in either the Knoxville or Jackson field office. According to section management, a secure hard-walled area in the Knoxville office is scheduled for completion by November 2004. The Jackson field office should have a secure hard-walled area by January 2005, when the new state office building in Jackson is completed.

With the full implementation of an electronic case management system, AIMS 2000, case information for the 2002 and 2003 cases has been cross-referenced, helping Bomb and Arson special agents determine whether suspects or other parties to a case have been associated with other bombing or arson cases. Section staff have added identifying characteristics for the 2001 cases into the AIMS 2000 system. Section management stated their intention to add summary information for older cases; however, as of March 2004, this has not been done.

TennCare Oversight Division

Policies and procedures for conducting operations formalized

The 2003 audit found that the Division of TennCare Oversight needed to establish formal policies for conducting operations. As of the current audit, the division has developed a Policies Manual with policies that are formal and consistent; contain a definite course of action; identify, by job title, the persons responsible for implementing and overseeing the course of action; and that clarify whether policies are new, updated, or rescinded.

However, of the 19 policies developed by the division, one (5.3%) was not in the Policies Manual. Additionally, one of the policies had not been approved by either the division head or an assigned staff member. Division staff were alerted to, and remedied, the deficiencies during audit fieldwork.

RECOMMENDATIONS

LEGISLATIVE

This performance audit identified the following area in which the General Assembly may wish to consider statutory changes to improve the efficiency and effectiveness of the Department of Commerce and Insurance's operations.

The General Assembly may wish to amend Section 68-102-111 or Title 68, Chapter 102, Part 3, *Tennessee Code Annotated*, to give the department increased authority to enforce the reporting requirements for fire departments by means other than derecognition or prosecution.

ADMINISTRATIVE

The Department of Commerce and Insurance should address the following areas to improve the efficiency and effectiveness of its operations.

1. The department should perform the necessary analyses to determine whether a potential revision of the Electrical Permitting System, creation of a new system, or modifications to the existing Access database best fulfill the department's needs in ensuring complete implementation of the Tennessee Manufactured Home Installation Act. In the interim, the department should modify its existing Access database to allow for information to be entered into the database regarding when each installation permit is sold by the county clerk, when the county clerks' reports are received, when each installation is performed, and when installers' reports are received.
2. The department should review the proposed rules and regulations on the installation of manufactured homes to ensure they are at least as stringent as the standards set forth in *Tennessee Code Annotated*.
3. In the future, the department should take steps to ensure that new programs are prepared for in a timely and thoughtful manner, thus increasing the likelihood of successful implementation.
4. The department should establish rules and regulations to ensure that exempt jurisdictions are performing their enforcement functions adequately and appropriately. These rules and regulations should establish minimum electrical codes and inspection standards that the local government must meet, to ensure that electrical standards are at least as stringent as those established by the state. Electrical codes and inspection standards should be updated, as appropriate, to reflect the latest and most appropriate standards. These rules and regulations should address the consequences of not meeting appropriate

standards and the remedial steps to be taken by the department to ensure compliance with any recommended corrective action.

5. The department should institute regular periodic evaluations to review and verify the competency of exempt jurisdictions to perform their own electrical inspections and ensure that electrical codes are being enforced and that structures are safe for inhabitants. The department should clearly define when periodic evaluations will begin, what the evaluation schedule will be, what is included in the evaluations, how evaluations will be performed, and how often evaluations will be performed.
6. The department should clarify the procedure by which exemptions are granted and what requirements local governments must meet to be granted an exemption and be authorized to perform their own electrical inspections. The department should ensure that local governments applying for exemption demonstrate that they have the manpower, technical knowledge, and minimum electrical codes and inspection requirements to enforce electrical standards that are at least as stringent as those established by the state.
7. The department should continue efforts to increase TFIRS participation by fire departments, including providing technical assistance and educating them about the usefulness of fire incident data in fire prevention. The department should examine and pursue all available options to enforce the statutory reporting requirements for fire departments.
8. The department should develop a formal, comprehensive, and widely applied fire safety program to educate the citizens of Tennessee about fire prevention and reduce the number of fire-related deaths. Information from TFIRS should be used as a guide to focus fire prevention efforts and programs. The department should identify and target those portions of the population with heightened fire risk. Additionally, the department should work to increase local involvement (by civic groups as well as local governments) in its fire prevention efforts.
9. The Bomb and Arson Section should develop and maintain a comprehensive and up-to-date training database that would allow management to determine the amount and nature of training special agents received. Section management should develop a formal policy regarding minimum training requirements and ensure that special agents meet those requirements. To enhance leadership skills, supervisory training should be made available and required for all special agents serving in a supervisory capacity. Also, management should continue to develop the Certified Fire Investigator Program and make efforts to ensure that all special agents achieve and maintain certification.

APPENDIX TITLE VI INFORMATION

All programs or activities receiving federal financial assistance are prohibited by Title VI of the Civil Rights Act of 1964 from discriminating against participants or clients on the basis of race, color, or national origin. In response to a request from the members of the Government Operations Committees, we compiled information concerning federal financial assistance received by the Department of Commerce and Insurance, and the department's efforts to comply with Title VI requirements. The results of the information gathered are summarized below.

In fiscal year 2003, the Department of Commerce and Insurance received \$105,000 in direct federal funds from the Federal Emergency Management Agency. The department used the National Fire Service Training Grant to fund the Fire Service and Codes Enforcement Academy's teaching of the National Fire Academy's "hand off" course to state firefighters. The Terrorism Preparedness Training Grant was used to train firefighters to deal with acts of terrorism.

In fiscal year 2003, the department received \$146,112 in indirect federal assistance. The department received \$39,119 from the U.S. Department of Justice's Edward Byrne Memorial Grant. The funds, which passed through the Department of Finance and Administration's Office of Criminal Justice, were used to support and enhance new programs and equipment related to communication capabilities with local law enforcement personnel for the Bomb and Arson Section. The Local Law Enforcement Block Grant, also passed through the Department of Finance and Administration's Office of Criminal Justice, provided \$54,859 to the department. These funds were used to purchase equipment such as radios, computers, and software for Bomb and Arson investigators. The department also received \$52,134, passed through the Tennessee Emergency Management Agency, to enhance the Bomb and Arson Section's Mobile Command Center in dealing with issues related to Homeland Security.

The department also receives funds from the U.S. Department of Housing and Urban Development (HUD) as part of a cooperative agreement under which Commerce and Insurance staff perform monitoring reviews at factories producing manufactured housing, investigate consumer complaints, and take enforcement actions as needed. For fiscal year 2003, the department received \$141,406. (The department receives a set fee for each manufactured home section shipped into the state and for each section produced in the state.) The department submits to HUD a state plan, which details Tennessee's provisions for enforcing federal manufactured home construction and safety standards.

The Assistant Commissioner for Administration also serves as the Title VI Coordinator for the department. His duties include updating and preparing the Title VI implementation plan, accepting Title VI complaints, investigating and resolving such complaints along with the department's legal counsel, and tracking Title VI legislation. The department submitted its annual Title VI compliance report and implementation plan update to the Office of the Comptroller of the Treasury on June 25, 2003, as required by statute. The letter submitted by the department stated that the Title VI policies, procedures, complaint procedures, terminology, and monitoring methodology are contained in the department's Title VI compliance plan filed with

the Comptroller's Office on June 25, 1998. According to the letter, there have been no changes to the plan since that time. The plan, which we reviewed, describes the department's Title VI policy, the responsibilities of the various levels of government, the department's proposed Title VI activities related to public notification of eligible participants, data collection and reporting of participation data, complaint handling, and compliance reviews. Currently, however, many of the Title VI-related activities outlined in the plan are not applicable to the department's federally funded activities (see above) because of the nature of those activities (i.e., bomb and arson investigations and manufactured housing inspections).

The department has not received any Title VI complaints in the last two fiscal years and has not performed any compliance reviews.

Staff of the Department of Commerce and Insurance by Title, Gender, and Ethnicity as of April 15, 2004

Title	Gender		Ethnicity					
	Male	Female	Asian	Black	Hispanic	Indian	White	Other
Account Clerk	2	3	1	1	0	0	2	1
Accounting Manager	1	0	0	0	0	0	1	0
Accounting Technician	1	10	0	2	0	0	9	0
Assistant Commissioner	4	2	0	2	0	0	4	0
Actuarial Officer	3	0	0	0	0	0	3	0
Actuary	4	3	0	0	0	0	7	0
Administrative Director								
Regulatory Boards	1	6	0	2	0	0	5	0
Administrative Manager								
Regulatory Boards	2	4	0	0	0	0	6	0
Administrative Assistant								
Regulatory Boards	4	36	0	9	0	0	31	0
Administrative Assistant	1	3	0	2	0	0	2	0
Administrative Services								
Assistant	1	32	0	1	0	0	32	0
Administrative Services								
Manager	1	1	0	0	0	0	2	0
Administrative Secretary	0	19	0	3	0	0	16	0
Attorney	8	10	1	1	0	0	16	0
Audit Director	1	0	0	0	0	0	1	0
Auditor	9	1	0	2	0	0	8	0
Bomb and Arson Assistant								
Director	1	0	0	0	0	0	1	0
Bomb and Arson Director	1	0	0	0	0	0	1	0
Bomb and Arson Special								
Agent	20	1	0	0	0	0	21	0
Bomb and Arson Special								
Agent-in-Charge	1	1	0	0	0	0	2	0
Building Maintenance								
Worker	2	0	0	0	0	0	2	0
Board Member	70	19	1	10	0	0	78	0
Burial Services Specialist	2	0	0	0	0	0	2	0
Codes Enforcement								
Inspector	2	1	0	0	0	0	3	0

Title	Gender		Ethnicity					
	Male	Female	Asian	Black	Hispanic	Indian	White	Other
Codes Enforcement Program Director	1	0	0	0	0	0	1	0
Codes Enforcement Instructor Supervisor	2	0	0	0	0	0	2	0
Clerk	3	16	0	3	0	0	16	0
Computer Operations Manager 3	0	1	0	0	0	0	1	0
Commissioner	0	1	0	0	0	0	1	0
Commission Member	33	8	0	5	1	0	35	0
Consumer Insurance Investigator	9	1	0	3	0	0	7	0
Consumer Insurance Services Manager	1	0	0	1	0	0	0	0
Consumer Protection Assistant Director	1	0	0	0	0	0	1	0
Consumer Protection Director	0	1	0	0	0	0	1	0
Consumer Protection Specialist	3	2	0	0	0	0	5	0
Contractor Inspector	9	0	0	0	0	0	9	0
Data Entry Operator	1	0	0	0	0	0	1	0
Deputy Commissioner	1	0	0	0	0	0	1	0
Director - Agent Licensing/Continuing Education	0	1	0	0	0	0	1	0
Director - Workmen's Compensation/Surplus Lines	1	0	0	0	0	0	1	0
Distributed Computer Operator	1	2	0	2	0	0	1	0
Distributed Programmer/ Analyst	4	0	3	0	0	0	1	0
Electronics Technician	1	0	0	0	0	0	1	0
Electrical Inspector Supervisor	3	0	0	0	0	0	3	0
Electrical Inspection Director	1	0	0	0	0	0	1	0
Executive Director - Emergency Communication Board	1	0	0	0	0	0	1	0
Executive Administrative Assistant	0	5	0	0	0	0	5	0
Executive Secretary	1	4	0	0	0	0	5	0
Facilities Administrator	1	0	0	0	0	0	1	0
Facilities Construction Assistant Director	1	0	0	0	0	0	1	0
Facilities Construction Director	1	0	0	0	0	0	1	0
Facilities Construction Specialist	12	1	0	1	1	0	11	0
Facilities Supervisor	1	0	0	0	0	0	1	0

Title	<i>Gender</i>		<i>Ethnicity</i>					
	<i>Male</i>	<i>Female</i>	<i>Asian</i>	<i>Black</i>	<i>Hispanic</i>	<i>Indian</i>	<i>White</i>	<i>Other</i>
Fire Service Manager	0	1	0	0	0	0	1	0
Fire Service Instructor	6	0	0	0	0	0	6	0
Fire Safety Manager	1	0	0	0	0	0	1	0
Fire Safety Specialist	28	2	1	1	0	0	28	0
Fire Safety Supervisor	3	0	0	0	0	0	3	0
Fiscal Director	1	0	0	0	0	0	1	0
Fire Service Instructor Supervisor	2	0	0	0	0	0	2	0
Fire Safety Program Director	1	0	0	0	0	0	1	0
General Counsel	0	1	0	0	0	0	1	0
Information Resource Support Specialist	5	0	0	1	0	0	4	0
Information Officer	1	0	0	1	0	0	0	0
Information Representative	0	1	0	0	0	0	1	0
Information Systems Analyst	3	2	1	2	0	0	2	0
Information Systems Consultant	0	1	0	0	0	0	1	0
Information Systems Director	1	0	0	0	0	0	1	0
Information Systems Manager	1	0	0	0	0	0	1	0
Insurance Analysis Director	0	1	0	0	0	0	1	0
Insurance Examiner-in- Charge - CFE	5	2	0	2	0	0	5	0
Insurance Examiner	6	5	1	3	0	0	7	0
Insurance Examination Assistant Director	1	0	0	0	0	0	1	0
Insurance Examiner - AFE	10	2	0	1	0	0	11	0
Insurance Examiner - CFE	3	2	0	1	0	0	4	0
Insurance Examination Director	3	0	0	0	0	0	3	0
Insurance Investigation Director	0	1	0	0	0	0	1	0
Legal Services Director	0	1	0	0	0	0	1	0
Licensing Technician	4	42	0	10	0	0	35	1
Mail Clerk	1	0	0	0	0	0	1	0
Mail Technician	1	0	0	1	0	0	0	0
Manufactured Homes Inspector	17	1	0	0	0	0	18	0
Manufactured Homes Inspection Manager	2	0	0	0	0	0	2	0
Manufactured Homes Inspection Supervisor	1	0	0	0	0	0	1	0
Motor Vehicle Commission Field Investigator	9	4	0	0	0	0	13	0
Office Supervisor	0	1	0	0	0	0	1	0

Title	<i>Gender</i>		<i>Ethnicity</i>					
	<i>Male</i>	<i>Female</i>	<i>Asian</i>	<i>Black</i>	<i>Hispanic</i>	<i>Indian</i>	<i>White</i>	<i>Other</i>
Personnel Analyst	0	1	0	0	0	0	1	0
Personnel Director	0	1	0	0	0	0	1	0
Personnel Manager	1	0	0	0	0	0	1	0
Pharmacy Board Director	1	0	0	0	0	0	1	0
Pharmacist	5	0	0	0	0	0	5	0
Procurement Officer	2	0	0	0	0	0	2	0
Property Officer	0	1	0	0	0	0	1	0
Regulatory Boards Executive Director	2	4	0	0	0	0	6	0
Regulatory Boards Field Representative	6	8	0	2	0	0	12	0
Regulatory Boards Investigation Assistant Director	1	0	0	0	0	0	1	0
Regulatory Boards Investigation Director	1	0	0	0	0	0	1	0
Regulatory Boards Investigator	11	1	0	0	0	0	12	0
Regulatory Boards Investigator Supervisor	1	0	0	0	0	0	1	0
Room Clerk	0	1	0	0	0	0	1	0
Secretary	2	23	0	3	1	0	21	0
Securities Examiner	9	1	0	3	0	0	7	0
Securities Examiner Supervisor	2	1	0	1	0	0	2	0
Statistical Analyst	1	1	0	0	0	0	2	0
Statistical Clerk	1	0	0	1	0	0	0	0
Statistician	0	1	0	0	0	0	1	0
TennCare Examiner	4	5	0	2	0	0	7	0
TennCare Examination Director	1	0	0	0	0	0	1	0
TennCare Examination Manager	3	0	0	1	0	0	2	0
Training Specialist	1	0	0	0	0	1	0	0
Website Developer	0	1	0	0	0	0	1	0
Total	406	315	9	86	3	1	620	2